

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN**

ADENTA, GMBH
Gutenbergstrasse 9
D-82205 Gilching
Germany

Plaintiff,

DR. WOLFGANG HEISER
Dr. Stumpf-Strasse 73
A-6020 Innsbruck
Austria

Plaintiff, and

MR. CLAUS SCHENDELL
Gutenbergstrasse 9
D-82205 Gilching
Germany

Plaintiff,

vs.

Case No. 04-C-0905

ORTHOARM, INC.
2300 Yonge Street, Ste. 707
Toronto, Ontario
Canada

Defendant, and

AMERICAN ORTHODONTICS, CORP.
P.O. Box 1048
Sheboygan, WI 53082.

**PLAINTIFFS' REPLY TO DEFENDANT
ORTHOARM'S COUNTERCLAIM**

Plaintiffs Adenta, GmbH ("Adenta"), Dr. Wolfgang Heiser ("Heiser") and Claus Schendell ("Schendell), by its attorneys, in reply to the counterclaim asserted by defendant OrthoArm, state the following:

Tortious Interference With Contract

1. Admit that American and OrthoArm entered into the June 2002 Settlement Agreement pursuant to which American agreed to pay OrthoArm a royalty of four per cent (4%) on sales of the Time Bracket, and deny any allegations concerning the terms of the agreement to the extent inconsistent with the agreement.
2. Admit that on or about April 30, 2002 the Plaintiffs and American entered into the Royalty Sharing Agreement pursuant to which Plaintiffs agreed to pay American one-half of the four per cent (4%) royalty on sales of the Time Bracket due to OrthoArm from American, and deny any allegations concerning the terms of the agreement to the extent inconsistent with the agreement.
3. Admit that on or about June 15, 2004, Plaintiffs advised American that it would no longer comply with its obligations to American under the Royalty Sharing Agreement because it believed the '883 patent was invalid and unenforceable. Deny the remaining allegations in paragraph 3.
4. Deny and affirmatively state that OrthoArm has not alleged that American has breached any existing contractual relationship with OrthoArm, or that any action by Plaintiffs has adversely affected any contractual obligation of American to OrthoArm.
5. Deny.

AFFIRMATIVE DEFENSES

1. Defendant OrthoArm's counterclaim fails to state a claim for which relief can be granted because OrthoArm has not alleged that American has breached any existing contractual relationship with OrthoArm or that any action by Plaintiffs has adversely affected any contractual obligation of American to OrthoArm.

2. Defendant OrthoArm has no damages.

PRAYER FOR RELIEF

WHEREFORE, plaintiffs, Adenta, GmbH, Dr. Wolfgang Heiser and Claus Schendell, demand judgment as specified in the complaint, and also for dismissal of defendant OrthoArm's counterclaim.

Respectfully submitted,

Date: 12/03/04

s/Peter J. Bausch

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Wolfgang Heiser and Claus Schendell.